

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1857 - HB 2048

February 16, 2020

SUMMARY OF BILL: Prohibits governmental entities from requiring right-of-way (ROW) dedications as a condition of approval for certain applications. Authorizes governmental entities to require ROW reservations. Requires governmental entities taking possession of property within ROW reservations to compensate the property owner.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$1,000,000/FY20-21 and Subsequent Years*

Assumptions:

- Pursuant to Tenn. Code Ann. § 13-3-105, after the creation of a regional planning commission, the Department of Transportation is not liable for any costs associated with the acquisition of ROW for any highway or other public improvement within the region. The proposed language will not result in any significant fiscal impact to state government.
- Regional planning commissions and local governments currently require ROW dedications as a condition of final plat approvals so that such ROW may be utilized for future improvements to roads and utilities which provide direct benefit to such property.
- The proposed language would prohibit ROW dedications as a condition of such approval and further establish that if a governmental entity subsequently needed to take possession of such land, it would do so through eminent domain.
- Requiring governmental entities to utilize eminent domain in order to utilize land which otherwise would have been under the control of such governmental entity will result in a mandatory, recurring increase in local government expenditures.
- A precise increase in local expenditures is dependent upon multiple unknown factors such as: the extent of land acquired through eminent domain; the value of such land; the extent of court costs associated with eminent domain proceedings; and the number of occurrences statewide annually; however, each occurrence is estimated to result in an increase in local expenditures exceeding \$10,000.
- Given the extent of development within the state, it is reasonably estimated that of the 437 local governments statewide, there will be at least 100 occurrences of eminent domain utilized annually statewide to take possession of such property; therefore it is reasonably estimated there will be a mandatory, recurring increase in local expenditures estimated to exceed \$1,000,000 (100 x \$10,000) in FY20-21 and subsequent years.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

IMPACT TO COMMERCE:

Increase Business Revenue – Exceeds \$100,000/FY20-21 and Subsequent Years

Assumptions:

- Payments by local governments through eminent domain will be paid to private property owners.
- In the absence of dedicated ROWs, it is estimated that private businesses which sell property will be able to sell such plats at a higher price.
- The precise increase in business revenue is dependent upon multiple unknown factors such as the extent of a property which otherwise would have been dedicated ROW, the number of properties such businesses sell, and the price per acre of such property. It is reasonably estimated the proposed language will result in a recurring increase in business revenue exceeding \$100,000 statewide beginning in FY20-21 and occurring in subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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